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We have made an examination of the accounts relating to engine production of the _____. Division of _____ Company, Inc., for the period from _____ to _____. Our examination was made for the purpose of determining the number of engines produced on which royalties were payable under the terms of a license agreement dated _____ between _____ Company, Inc., and _____ Corporation. Our examination was made in accordance with generally accepted auditing standards, and accordingly include such tests of the accounting records and such other auditing procedures as we considered necessary in the in the circumstances.

The royalty payments made by _____ Company, Inc., during the period were based on production totals after deducting production returns which were scrapped, but without deducting field returns which were scrapped even though the field returns were replaced with new engines without charge to the customer. This treatment is consistent with that followed in prior years.

In our opinion the accompanying royalty statement presents fairly the number of engines produced by _____ Company, Inc., during the period from _____ to _____ and the amount of royalties applicable thereto, on the basis explained in the preceding paragraph, under the terms of the license agreement dated _____.

PENSION AND PROFIT-SHARING PLANS

3. Report relating to determination of amount of contribution payable under under profit-sharing plan:

Board of Administration,

_____ Corporation Profit-Sharing Retirement

Plan for Salaried Employees:

In connection with our examination of the financial statements of _____ Corporation for the year ended December 31, 19____, which we reported upon under date of _____, we tested payroll and certain other records of the company for the purpose of determining that the amount of the contribution to the Profit-Sharing Retirement Plan for Salaried Employees for the year was fairly computed in accordance with the provisions of Section 2 of Article IV of the Plan as amended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records, and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the contribution required for the year is fairly computed in accordance with the terms of the plan as follows:

. . .

. . .

If the amount had been determined in accordance with the formula provided in paragraphs (c) and (d) of Section 2, Article IV, it would have amounted to \$_____, as follows:

. . .

. . .

However, as this amount is greater than 15% of the compensation of the employees included in the Plan, after elimination of compensation to individual employees in excess of \$1500 a year, the method of computation shown in the next preceding paragraph, which shows a required contribution of \$_____ for the year ended December 31, 19____, is applicable. Report relating to contributions to a pension plan and to the expense of the plan:

Board of Administration,

_____ Corporation Pension and Retirement

Income Trust Fund for Supervisory,
Office and Technical Employees:

We have examined certain records of _____ Corporation and subsidiary companies relative to the contributions required to be made to the _____ Corporation Pension and Retirement Income Trust Fund for Supervisory, Office and Technical Employees, and to expenses incurred in administration of the Plan, for the year ended December 31, 19__, under the terms of the Pension and Retirement Income Agreement. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Contributions To Trust Fund

The Pension and Retirement Income Agreement requires that the companies deposit with the trustee an amount representing five and one-half cents for each hour worked, including eight hours for each paid holiday and forty hours for each week of vacation for which compensation is paid.

Our examination shows that during the year ended December 31, 19__ the companies made contributions to the trust fund in accordance with the terms of the agreement, except for minor mechanical errors totaling, for all plants, \$_____. Adjustments of errors of this type are normally made in the following year. Contributions made in 19__ covered a similar adjustment for errors made in the preceding year, and totaled \$_____, as follows:

. . .

. . .

In computing contributions for the year, each holiday was counted as eight hours or as the actual hours worked if more than eight, and vacation payments in lieu of time off were counted as forty hours for each week's salary or wages paid therefor.

Our examination included summarization of hours worked as shown by payroll records of the plants and tests of the correctness of the hours shown for selected periods by reference to time cards or other underlying evidence. Special attention was given to periods involving holidays and vacation payments.

Cost of Administration of Fund

Direct expenses incurred by the participating companies which could be identified as relating to the administration of the plan for the year ended December 31, 19__ and the expenses for that year disbursed directly from the trust fund are summarized as follows:

. . .
. . .

In our audit of these costs we examined payroll and employment records in support of labor and related charges and inspected invoices or supplies requisitions for services and supplies relating to pension activities. In support of administration expenses disbursed directly from the trust fund we inspected invoices or other supporting evidence.

Opinion

In our opinion, the accompanying statements of contributions and cost of pension plan administration present fairly the adjusted contributions required to be made to the trust fund and the related expenses incurred by the participating corporations applicable to the administration of the ____ Corporation Pension and Retirement Income Trust Fund for Supervisory, Office and Technical Employees for the year ended December 31, 19__.

5. Report on the financial statements of a retirement board (accounts kept on the accrual basis):

To the Retirement Board of Employees' Retirement Plan of _____ Company:

We have examined the statement of financial condition of the Retirement Board of Employees' Retirement Plan of _____ Company as at December 31, 19__ and the related summary of income and expenses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Assets held by _____ Bank and Trust Company, trustee, and income from investments were substantiated by reference to the trustee's report for the year 19__, a copy of which was received directly from the trustee.

The contributions by participating companies for prior services and for current services and the transfers from accumulation account and from members' account to retirement reserve account were in amounts recommended by the consulting actuary.

In our opinion, the accompanying statements present fairly the financial position of the Retirement Board of Employees' Retirement Plan of _____ Company at December 31, 19__, and its income and expenses for the year then ended, in conformity with the rules and regulations of the plan and in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

6. Report on the financial statements of a retirement fund, containing explanatory material (accounts kept on the accrual basis):

Board of Trustees,
____ Retirement Fund,
____, _____:

We have examined the statement of financial condition of _____ Retirement Fund as of December 31, 19__ and the related statement of income and expenses and fund equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Retirement Trust Agreement provides for the creation of a fund for the payment of specified benefits to eligible employees of _____ Corporation and its subsidiaries. Benefits are payable at retirement upon reaching retirement age, or at an earlier date in case of permanent incapacity, and are based upon varying rates per month for each year of credited service up to 30 years. In the event of termination of the agreement, the fund is to be allocated in a manner which will provide for payment of benefits to eligible employees. The allocation may be accomplished by continuance of the fund or by purchase of annuity contracts.

The plan is non-contributory, being financed entirely by the corporation and its subsidiaries. The companies are required to make contributions in amounts determined in accordance with accepted actuarial principles to provide the benefits specified under the plan together with reasonable costs of administration, but not in excess of five cents for each hour for which the participants received compensation from the companies. In the absence of an actuarial determination contributions were made at the maximum rate, five cents an hour, to

September 30, 19___. An actuarial study made as of that date by _____ disclosed that contributions at the rate of four cents an hour are adequate to maintain the fund on a sound basis, and that the contributions to September 30, 19___ were therefore approximately \$35,000 more than were needed. At four cents an hour the contribution applicable to the period from October 1 to December 31, 19___ amounted to approximately \$23,000. This amount was not, however, paid into the fund but was offset in part against the excess contributions, except as to one subsidiary which joined the plan only recently and for which no excess contributions had been made. At December 31, 19___ an excess of \$12,000 remained to be applied against contributions applicable to 19___.

The contributions received by the fund were reconciled with payments shown by the records of the contributing companies. We reviewed the methods used in computing these amounts, determined that contributions were made for each applicable payroll during the year, and tested the conformity of the computation with the provisions of the agreement.

We also reviewed the methods of determining payments to beneficiaries and examined supporting data to an extent sufficient to afford reasonable assurance that expenditures were made for authorized purposes.

Investments and cash segregated for future investment were confirmed to us by the holder, the _____ Trust Company, the designated investment agency of the fund.

The accounts of the fund are kept on an accrual basis, except that amounts payable to participants for benefits are recorded only when the payments are made.

In our opinion the accompanying statement of financial condition and of income and expenses and fund equity present fairly the financial position of _____ Retirement Fund at December 31, 19__ and its income and expenses for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

7. Letter report relating to determination of the amount of income to be realized before an extra compensation plan becomes operative:

_____ Corporation,

_____, _____.

Dear Sirs:

As requested, we have reviewed the terms of your Profit-Sharing Retirement Plan dated _____ and have prepared the following computation for the purpose of determining the maximum amount of earnings realizable during the year ended December 31, 19__, before the profit-sharing features of the plan become operative:

Ledger balances at (date):

Capital stock \$

Capital surplus (amounts received for capital stock in
excess of par value)

Earned surplus (earnings retained for use in the business)

Surplus reserves

Total

\$ _____

Maximum earnings before plan becomes operative--12% of the
above.

\$ _____

Very truly yours,